

Statistics in focus

ECONOMY AND FINANCE

17/2006

Author

Andreas KRÜGER

Contents

Major regional discrepancies in per capita GDP 2

... including within individual countries 3

Convergence making headway 3

... but catching up is not proving a success everywhere 4

Summary 6

Regional GDP in the EU, the accession countries and Croatia in 2003

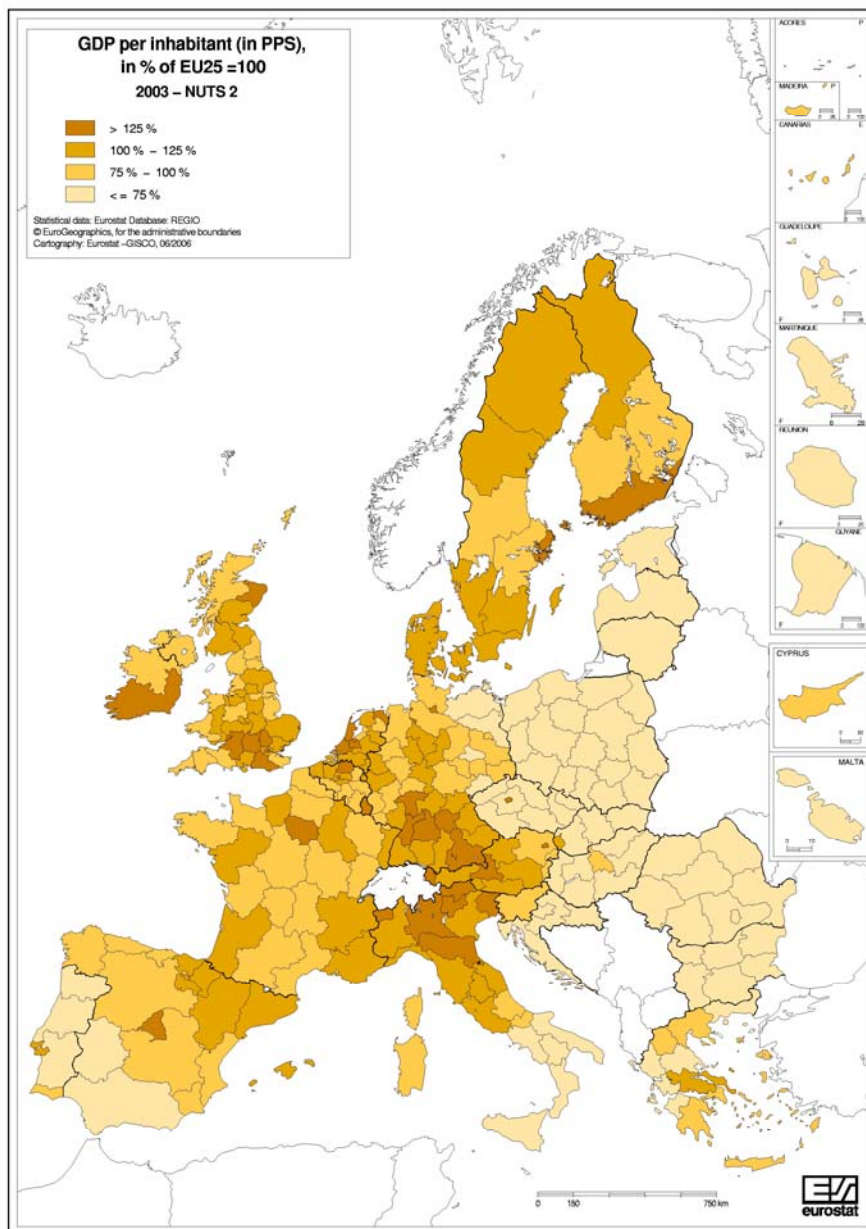


Fig. 1: Per Inhabitant Gross Domestic Product (GDP) – NUTS 2 level, 2003

Latest estimates for 2003 show that 78 of the 272 level-2 regions of the European Union, Bulgaria, Croatia and Romania had per capita GDPs in purchasing power standards (PPS) that were less than 75% of the EU 25 average of 21 741 PPS. Per capita regional GDP ranged from 4 721 PPS (22% of the EU average) for the region of Nord-Est in Romania to 60 342 PPS (278% of the EU average) for the Inner London region of the United Kingdom.



Major regional discrepancies in per capita GDP

Brussels (51 658 PPS) and Luxembourg (50 844 PPS) are second and third after London, with Hamburg (40 011 PPS) and the Ile-de-France region containing the French capital (37 687 PPS) in fourth and fifth place respectively.

With a per capita GDP of 30 052 PPS (138% of the EU 25 average), Prague (Czech Republic) is the region in the new Member States with the highest per capita GDP, coming 19th (20th in 2002) out of the 272 level-2 regions. The next-highest regions of the new Member States, the accession countries and Croatia are a long way behind: Bratislavský (Slovakia), with a per capita GDP of 25 190 PPS (116%), is no higher than 53rd, Közép-Magyarország (Hungary) is ranked 130th with 20 627 PPS (95%), Cyprus 180th with 17 377 PPS (80%), Slovenia 190th with 16 527 PPS (76%), Mazowieckie (Poland) 203rd with 15 833 PPS (73%), Malta 204th with 15 797 PPS (73%) and Zagrebacka regija (Croatia) 210th with 14 879 PPS (68%). All other regions of the new Member States, accession countries and Croatia have per capita GDPs of less than two thirds the EU 25 average.

In 2003, per capita regional GDP expressed in purchasing power standards (PPS) in the 272 level-2 regions of the 28 countries under consideration ranged from 22% of the EU 25 average for Nord-Est in Romania to 278% of the average for the Inner London region of the United Kingdom. In other words, the region with the highest per capita GDP posted a value that was almost 13 times that of the region with the lowest.

Fig. 1 shows clear centres of above-average economic activity in Scandinavia, the United Kingdom, the Benelux countries, southern Germany and northern Italy, and around many of the capital cities. Of the 36 regions posting over 125% of the EU average, seven are to be found in Germany, six in Italy, six in the United Kingdom, four in the Netherlands, three in Austria, two in Belgium, two in Finland and one each in the Czech Republic, Spain, France, Ireland, Luxembourg, Finland and Sweden.

By contrast, the southern fringe of the pre-enlargement 15 EU Member States, eastern Germany and all new Member States other than Cyprus and Slovenia clearly show below-average economic activity. Of the 272 regions in total, per capita GDP in 78 regions in 2003 was less than 75% of the EU average. These regions are home to 143 million people, or 29.1% of the 492 million people living in the 28 countries under consideration (EU 25 plus Bulgaria, Croatia and Romania).

This group includes 24 regions in EU 15, 36 in the new Member States and all 18 regions of Bulgaria, Croatia and Romania. The EU 15 regions comprise five of Greece's 13 regions, five of the 21 regions of Italy, four of Portugal's seven, four of Germany's 41, four of

France's 26 and two of Spain's 19 regions. All regions in the new Member States are under the 75% threshold with the exception of Slovenia, Cyprus and the capital regions of Praha, Bratislava and Közép-Magyarország (Hungary).

Region	GDP (in PPS) per capita in % of the EU-25-average (EU-25 = 100)
Inner London (UK)	277.6
Bruxelles-Brussels (BE)	237.6
Luxembourg (LU)	233.9
Hamburg (DE)	184.0
Ile de France (FR)	173.3
Wien (AT)	170.9
Berkshire, Buckinghamshire and Oxfordshire (UK)	165.1
Provincia Autonoma Bolzano/Bozen (IT)	160.0
Oberbayern (DE)	157.9
Stockholm (SE)	157.9
Aland (FI)	154.3
Utrecht (NL)	152.5
North Eastern Scotland (UK)	150.3
Southern and Eastern (IE)	149.2
Darmstadt (DE)	148.3
....
Vest (RO)	34.0
Podkarpackie (PL)	33.2
Lubelskie (PL)	33.2
Centru (RO)	32.3
Istocna Hrvatska (HR)	31.0
Nord-Vest (RO)	29.1
Severozapaden (BG)	26.1
Sud-Est (RO)	25.6
Sud-Vest (RO)	25.5
Severoiztochen (BG)	25.3
Yugoiztochen (BG)	24.9
Yuzhen tsentralen (BG)	24.6
Sud (RO)	24.4
Severen tsentralen (BG)	24.2
Nord-Est (RO)	21.7

Table 1: Regions with the lowest/highest per capita GDPs (in PPS) (EU 25=100)

Italy occupies a special place in terms of the major economic disparities between the north and south of the country: 57% of the country's population lives in regions whose GDP is either over 125% or under 75% the EU 25 average. None of the other countries looked at here shows such large portions of the population living in particularly affluent or particularly poor regions, the corresponding values for Spain and Germany being 34% and 29% respectively, and less than this for all other countries.

Table 1 shows the level-2 regions with the highest and lowest per capita GDPs. The 15 top-ranking regions include capitals and economic centres from 11 of the EU 15 countries. Nine of these Member States are represented by one region each, whilst both Germany and the United Kingdom are each represented by three regions. The most affluent regions are thus spread quite evenly across the territory of the Union. The composition of this group has not changed in comparison to the previous year.

The lower end of the table, by contrast, features just four countries. Here we find all of Romania's and Bulgaria's regions other than the capital cities, together

with two regions in eastern Poland and Istocna Hrvatska in Croatia. Though the composition has remained unchanged since 2002, there have been several

alterations in ranking in favour of Romania's regions and to the disadvantage of Bulgarian and Polish regions.

... including within individual countries

There are also considerable differences between regions within individual countries. In 13 of the 20 countries with more than one NUTS 2 regions, the highest per capita GDP in 2003 was more than double the lowest value. This group includes six out of seven countries in the case of the new Member States, accession countries and Croatia, but only seven of the 13 multi-region EU 15 Member States.

The greatest regional differences are in the United Kingdom, where the extreme values differ by a factor of 3.7, and in Belgium, where the corresponding figure is 3.1. The lowest values, with factors of 1.6, are in Ireland and Sweden. Moderate regional discrepancies in per capita GDP (i.e. highest and lowest values differing by a factor of less than two) are, with the exception of Bulgaria, found only in the EU 15 Member States. In Croatia the figure is 2.2, which is equal to that of Poland.

Regional discrepancies in per capita GDP decreased slightly between 2002 and 2003 in EU 15 countries, in the new Member States, the accession countries and Croatia. In other words, there is evidence of regional convergence, not just compared with the EU average but also within most countries.

In all the new Member States, the accession countries and Croatia, and in a number of EU 15 Member States, a considerable portion of economic activity is concentrated in the capital regions. In 14 of the countries with several NUTS 2 regions examined, the capital region is the one with the highest per capita GDP in the country as a whole. Fig. 1 clearly shows the prominent role of the regions around Brussels, Prague, Madrid, Paris, Lisbon, Budapest, Bratislava, London, Sofia, Zagreb and Bucharest.

Convergence making headway ...

As data are now available for the first time for Croatia covering the period 2001-2003, a number of comments can be made about developments in the regions of the 28 countries concerned here.

Firstly, it can be seen that the differences between the extreme values for per capita GDP have decreased. In 2001, these still differed by a factor of 14.3. By 2002, this had decreased to 13.9 and by 2003 to 12.8. In other words, there has been a clear convergence between 2001 and 2003.

	2001	2002	2003
Proportion of the population of EU-25 + Bulgaria + Romania + Croatia resident in regions with a per capita GDP of			
more than 125% of EU-25=100	20.3	20.7	17.3
from 75% to 125% of EU-25=100	47.2	48.1	53.6
under 75% of EU-25=100	32.5	31.2	29.1
under 50% of EU-25=100	15.8	15.6	15.5

Table 2: proportions of the population (as a %) in economically strong and weaker regions

This can be confirmed by ranking the 272 regions by per capita GDP and then comparing the ranking with population. Table 2 shows that the proportion of the

overall population living in regions with GDP of less than 75% has decreased markedly, from 32.5% in 2001 to 29.1% in 2003. This positive development is attributable to the fact that, between 2001 and 2003, a total of 12 regions (five in Greece, two regions each in Germany, Spain and the United Kingdom, and Slovenia) cleared the 75% hurdle.

However, we must qualify this by saying that there has been only a very small reduction in the number of people living in regions with a per capita GDP (in PPS) of less than 50% of the EU average. Only one region (Śląskie, in Poland) cleared the 50% hurdle between 2001 and 2003. Over the same period, the group of regions with a GDP of over 125% of the EU 25 average decreased from 20.3% to 17.3% in population terms. The main reason for this was that three major regions in Italy with a total of 14 million inhabitants saw a relative decline in economic strength. There were also relative declines in Cheshire (UK) and Noord-Brabant (NL). Conversely, only one region (Mittelfranken, in Germany) managed to move up above the 125% threshold.

As a result of changes at the upper and lower limits of the distribution, the proportion of the population in regions with GDP values of between 75% and 125% has increased from 47.2% to 53.6% in the space of two years. This means that, in 2003, for the first time, the majority of people in the 28 countries concerned were living in regions that belong to this middle portion of the distribution. However, roughly half of this shift is attributable to the fact that regions that were

formerly very well off have slid from the upper portion of the distribution to the middle portion.

Another factor that should also be borne in mind is that performances by some of the weakest regions were below average. For example, per capita GDP in Nord-Est (Romania) in 2003 was, at 21.7% of the EU 25 average, more than three percentage points lower than the 1999

value. This region, which posted a value of just under 22% of the EU 25 average, is the least affluent of all regions in the 28 countries looked at here. The second poorest region is Severen tsentralen (Bulgaria) with a GDP of 24.2%, whilst the regions of Lubelskie (33.2%) and Podlaskie (35.7%) in eastern Poland are experiencing relative stagnation.

... but catching up is not proving a success everywhere

Fig. 2 shows how much per capita GDP changed between 2001 and 2003 in relation to the EU 25 average (expressed in percentage points of the EU 25 average). As data are available for the first time for Croatia for 2001-2003, trends in all 28 of the countries concerned can be compared. Changes range from +19.2 percentage points for Luxembourg to -11.0 percentage points for Lisbon (PT).

Table 3 gives a more accurate picture of the level-2 regions with the greatest positive and negative changes in per capita GDP. Strikingly enough, eight regions in Greece and four in the United Kingdom are amongst the 15 leading regions. The high figure for Luxembourg reflects the continued buoyancy of this Member State, but is also the result of a constantly growing influx of cross-border workers. Two capital regions from a new Member State and an accession/candidate country, respectively, are represented with Bratislavský (SK) and Zagrebacka regija (Croatia).

Region	Relative change in GDP per capita (in PPS) 2003 in comparison to 2001 (EU-25 = 0)
Luxembourg (LU)	19.2
Voreio Aigaio (EL)	12.3
Sterea Ellada (EL)	11.8
Kriti (EL)	10.4
Attiki (EL)	9.1
Bratislavský kraj (SK)	8.9
Inner London (UK)	8.6
Thessalia (EL)	8.3
Zagrebacka regija (HR)	8.2
Cumbria (UK)	8.1
Peloponnisos (EL)	7.9
Ipeiros (EL)	7.8
Dytiki Makedonia (EL)	7.6
North Yorkshire (UK)	7.6
Essex (UK)	7.5
....
Weser-Ems (DE)	-5.6
Toscana (IT)	-5.8
Centro (PT)	-5.8
Norte (PT)	-6.4
Emilia-Romagna (IT)	-6.5
Algarve (PT)	-6.5
Umbria (IT)	-6.6
Piemonte (IT)	-6.8
Provincia Autonoma Trento (IT)	-7.1
Veneto (IT)	-7.3
Lombardia (IT)	-7.9
Åland (FI)	-8.5
Hamburg (DE)	-8.9
Utrecht (NL)	-9.2
Lisboa (PT)	-11.0

Table 3: Regions with the smallest/greatest relative changes in per capita GDP (in PPS) in 2003 compared with 2001 (EU 25=0)

Clearly, therefore, the new Member States, the accession countries and Croatia are under-represented in the leading group of dynamically developing regions and still have much catching up to do. Nor does the picture change much if we widen the comparison to the top 30 regions, the only additions being Közép-Magyarország (HU), Vest (RO) and Estonia. Overall, therefore, the new Member States, the accession/candidate countries and Croatia are under-represented at the top end of the scale.

The lower end of the distribution clearly reflects the sluggish growth of some EU 15 countries: here we find seven of Italy's regions, four of Portugal's, two of Germany's, one from the Netherlands and one from Finland. Particularly striking is the downturn in Centro (PT) and Norte (PT). Both these regions already had GDP figures of less than 70% and have suffered further economic declines. This makes Norte (PT), with a GDP of 57.4% of the EU 25 average, the economically weakest region of the EU 15 countries.

The new Member States and the accession/candidate countries emerge as a clearly identifiable group only when we look at all 78 regions that have posted increases of more than three percentage points compared with the EU 25 average. 22 regions from these countries are to be found here: six of the eight regions in each of the Czech Republic and Romania, two out of four regions in both Slovakia and Croatia, two of Hungary's seven regions and one of the six regions of Bulgaria, the other three regions enjoying well above average growth being the Baltic States.

In other words, 33 of the 55 regions making up the new Member States and the accession/candidate countries made little headway in catching up between 2001 and 2003. This is particularly true of peripheral regions and the eastern portions of the larger new Member States. Slight growth was posted in Poland in particular, where Warmińsko-Mazurskie (+2.0% compared with the EU 25 average) was the only region to make significant headway. Five of Poland's 16 regions failed to register even the average increase for the EU. That said, only three regions in the new Member States recorded a decline of more than one percentage point. These were Zachodniopomorskie in Poland, Malta (both -1.3 percentage points) and Cyprus (-2.9).

To sum up, it can be said that most of the regions in the new Member States, together with Bulgaria, Romania and Croatia made some, but only slight, headway in catching up with the EU 25 average between 2001 and 2003.

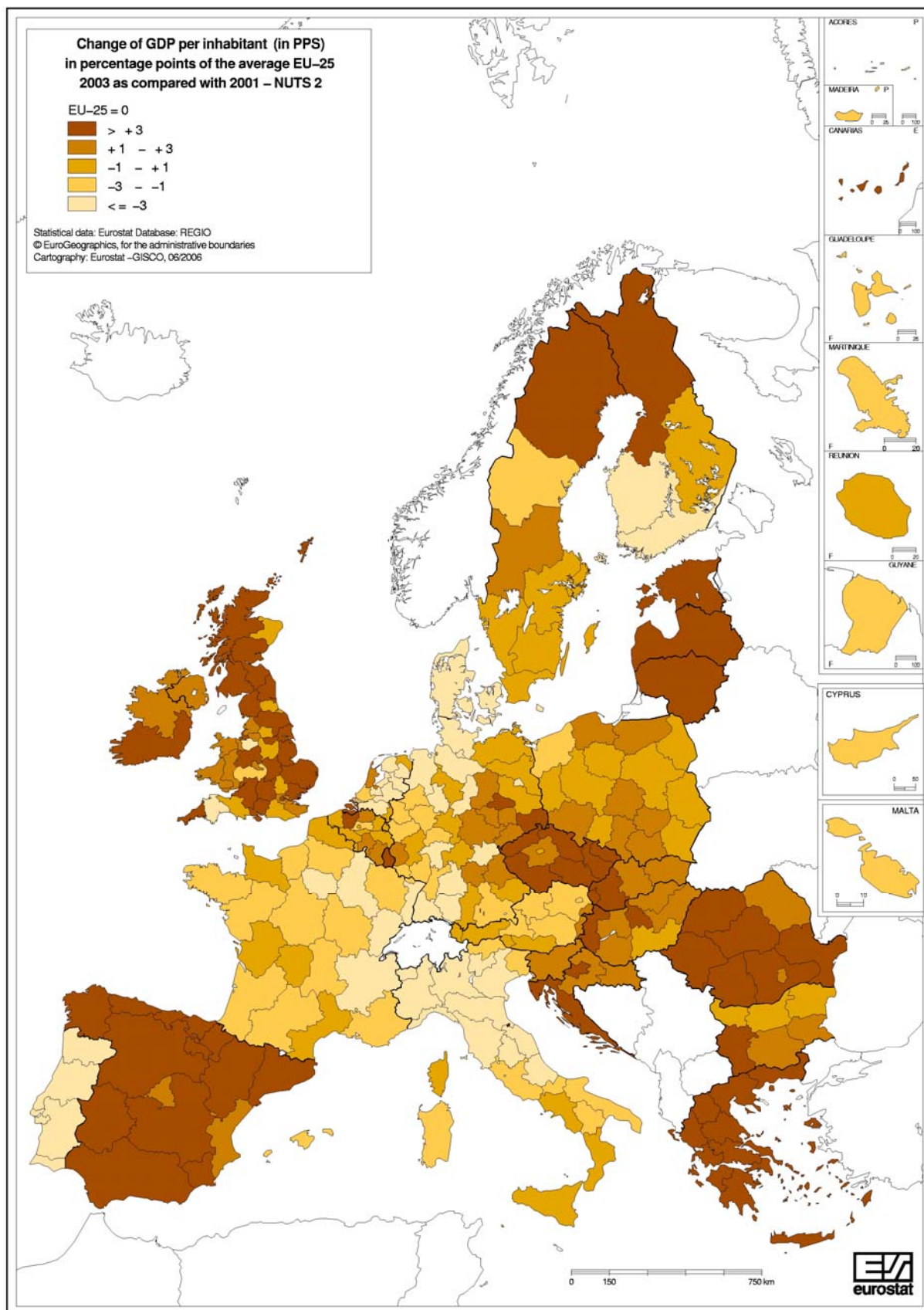


Fig. 2: Changes in per capita GDP in PPS compared with the EU 25 average

Summary

Per capita GDP (in PPS) for 2003 in the 272 regions of the 28 countries considered here varied by a factor of 12.8, which, whilst still very considerable, is less than in both the previous years. The number of regions with a per capita GDP of less than 75% of the EU 25 average fell from 84 to 78 between 2002 and 2003. Regional economic convergence thus made headway in 2003. The same is true of Croatia, this being the first time Eurostat has published data on this country. Most of the regions which perform less well economically, and which are home to 29.1% of the population, are on the southern edge of the EU 15 Member States, in eastern Germany and in almost all of the new Member States as well as Bulgaria, Romania and Croatia.

Trends in the EU 15 countries show dynamic growth in Greece, the United Kingdom and Spain. This contrasts with much smaller increases in GDP in most regions of Italy, Germany and Portugal. The same is true of a number of particularly affluent regions in northern Italy and several German *Länder*.

Turning to the new Member States, the accession countries and Croatia, particularly encouraging

developments were noted in the Baltic States, the Czech Republic, Slovakia and Hungary, as well as in Croatia and Romania, whilst the increases in many of Poland's regions, in Cyprus and in Malta, remain below the EU 25 average.

As a result of economically weaker regions catching up and slight increases in many of the more prosperous regions, 2003 was the first year in which a majority of the population of the 28 countries in question was living in regions with GDP values of between 75% and 125% of the EU 25 average.

The process of catching up, which is now underway in most regions of the new Member States, in the accession countries and in Croatia, continued between 2001 and 2003 with an annual average increase of around one percentage point compared with the EU 25 average.

However, not all regions have been able to benefit to the same extent. This is particularly true of Poland, Cyprus, Malta and a number of particularly weak regional economies in Bulgaria and Romania.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

1. Data revisions: Data as from 1995 have been revised since the Eurostat press release 47/2005 of 7 April 2005. They are the same data used for the Eurostat news release 63/2006 of 18 May 2006. Data that reached Eurostat after 5 May 2006 have not been used for this publication. All data are available online on Eurostat's website (cf. page 8 for link).

2. Nomenclature of territorial units (NUTS): the Nomenclature of Territorial Units for Statistics (NUTS) has been used since 1988 in EU legislation. 2003 saw the adoption of the relevant Regulation of the European Parliament and the Council (OJ L 154, 21/06/2003). Since 1 May 2004 the NUTS system has also covered the ten new Member States. For Bulgaria, Croatia and Romania, Eurostat has set up a system of statistical regions. For Croatia this system is still preliminary. The aim of this system is to establish a hierarchical arrangement of regions along the lines of NUTS. The regions of the Member States and of the accession/candidate countries are available on Eurostat's website at: Methodology/Eurostat's classification server (RAMON)/Classifications/Nomenclature of Territorial Units for Statistics, 2003.

3. Harmonized estimation procedure: at NUTS level 2 there are 254 regions in EU 25, six in Bulgaria, four in Croatia and eight in Romania. Data at NUTS levels 2 and 3 for the years 1995 to 2003 are available on Eurostat's website (for link, cf. page 8). National GDP data are compiled by the national statistical offices in accordance with the rules of the European System of Economic

Accounts (ESA95). These national figures are then distributed across the regions on the basis of regional contributions to gross value added. Gross value added is recorded at basic prices.

Estimates of regional GDP are based on the structure of gross value added for the years in question. Extra-Regio value added is distributed in proportion to the regions of the country in question. Conversion to purchasing power standards is done on the basis of national purchasing power parities.

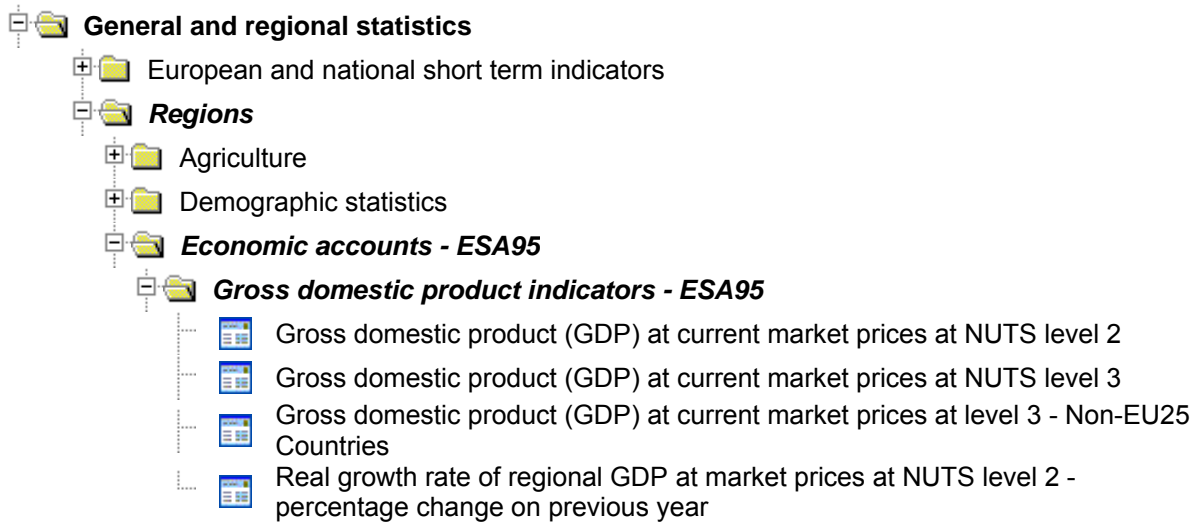
All data reflect the situation after completion of the major revisions of the System of Economic Accounts in 2005.

4. Interpreting the figures: GDP and, therefore, per inhabitant GDP, are indicators of a country or region's production and are thus suited to measuring and comparing the degree of economic development of countries or regions. It should be borne in mind that GDP is not equivalent to the income ultimately available to private households in a given country or region.

Commuter flows make the comparison among countries, and in particular among regions, on the basis of per-inhabitant values of GDP more difficult. Well known examples are Inner London, Luxembourg and Hamburg. The net daily commuter inflow of persons in such regions increases the production to a level that the resident economically active population alone could not achieve.

Further information:

Data: [EUROSTAT Website/Home page/General and regional statistics/Data](#)



Journalists can contact the media support service:

Bech Building Office A4/125
L - 2920 Luxembourg

Tel. (352) 4301 33408
Fax (352) 4301 35349

E-mail: eurostat-mediasupport@ec.europa.eu

European Statistical Data Support:

Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

Their mission is to provide help and guidance to Internet users of European statistical data.

Contact details for this support network can be found on our Internet site: <http://ec.europa.eu.int/eurostat/>

A list of worldwide sales outlets is available at the:

Office for Official Publications of the European Communities.

2, rue Mercier
L - 2985 Luxembourg

URL: <http://publications.europa.eu>
E-mail: info-info-opoce@ec.europa.eu